

Bomb kills 'Lord of the Money' German tycoon

Authorities suspect Red Army Faction

EXAMINER NEWS SERVICES

BAD HOMBURG, West Germany — Suspected Red Army Faction terrorists blew up the car of a leading West German banker Thursday, killing the man known as "Lord of the Money" and wounding his driver in the first deadly attack linked to the group in three years.

Police said Alfred Herrhausen, 59, chief executive of West Germany's largest bank, Deutsche Bank, was killed instantly in the 8:30 a.m. attack a few hundred yards from a house in Bad Homburg, an affluent suburb of Frankfurt.

A bomb was attached to a

parked bicycle and detonated by remote control as Herrhausen's car passed, authorities said. The detonating device was found in bushes about 150 yards away.

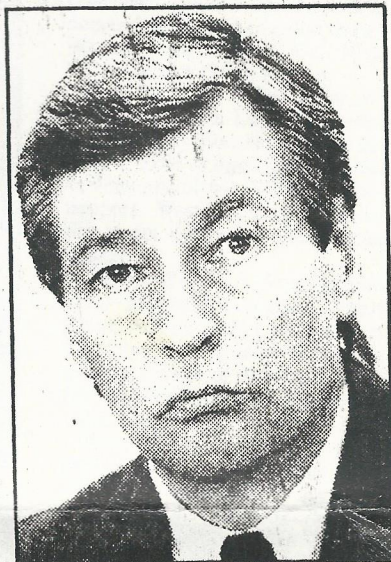
A second bomb was found nearby, along with a note on plain white paper. Hans-Jürgen Foerster, spokesman for the attorney general's office, said the note bore only a name, "Commando Wolfgang Beer," as well as a drawing of a Kalashnikov assault rifle and a five-pointed star — widely recognized symbols of the Red Army Faction.

Foerster identified Wolfgang Beer as the late brother of suspected faction member Henning Beer, since 1985 the subject of an international manhunt. Wolfgang Beer was killed in a 1980 car accident that also killed suspected Red Ar-



ASSOCIATED PRESS PHOTOS

Alfred Herrhausen, below, chief executive officer of West Germany's largest bank and known as "Lord of the Money," was killed Thursday in a bomb attack on his car, above, in Bad Homburg, West Germany. Authorities suspect the terrorist group Red Army Faction, dormant for three years.



Friday, December 1, 1989

Gang That Killed Banker Has Long Terror Record

Associated Press

Berlin

The Red Army Faction has gained notoriety as one of Europe's deadliest leftist terrorist groups in two decades of bloody attacks on West German and American targets.

Prosecutors said the group claimed responsibility for the bomb attack yesterday that killed Alfred Herrhausen, chairman of Deutsche Bank — West Germany's largest — and one of Chancellor Helmut Kohl's closest economic advisers.

The Red Army Faction, which had been relatively inactive the past three years, began operating in the late 1980s. It was known then as the Baader-Meinhof gang, named after its founders Andreas Baader and Ulrike Meinhof.

It gained a reputation as a brutal, well-organized group that struck at the heart of West Germany's industrial and economic power by singling out leading managers for assassinations.

American military targets have also come under Red Army Faction attacks in the group's "anti-imperialist struggle."

Most of the original Red Army Faction leaders have been killed by police or have died in prison. Authorities say the group is now be-

lieved to consist of a core of 20 to 30 members.

The group's first action came in April 1968 with arson attacks on two Frankfurt department stores.

The group changed its name to the Red Army Faction in 1971 and a series of assassinations and bomb attacks ensued.

On May 11, 1972, five bombs exploded at the U.S. Army's Fifth Corps headquarters in Frankfurt, killing an American officer and injuring 13 other people.

On May 25, 1972, three U.S. soldiers were killed and five injured when a powerful bomb left in a parked car ripped through a parking lot at the U.S. Army's European headquarters in Heidelberg. The Red Army Faction claimed responsibility.

In April 1975, Red Army Faction terrorists occupied the West German Embassy in Stockholm in an attempt to free imprisoned fellow terrorists. Two diplomats and two terrorists died in an explosion during the siege.

In 1977, the group assassinated West Germany's chief state prosecutor, Siegfried Buback; kidnaped and killed the head of the employer's association, Hanns-Martin Schleyer, and killed Jürgen Ponto, head of the Dresdner Bank, one of the country's three big banks.

my member Juliane Plambeck.

Herrhausen's driver, Jacob Nix, 62, was severely wounded in the attack.

West German television showed footage of the mangled and charred remains of the car sitting astride an intersection as a crowd of spectators gawked. Windows were shattered in buildings as many as 100 yards away, the television report said.

Chancellor Helmut Kohl, his eyes filled with tears and his voice breaking, condemned the slaying as "a cowardly and brutal murder" and described the influential European financier as a friend and a patriot.

An Interior Ministry spokesman, Siegfried Seitz, said Herrhausen had been accompanied by two security cars and that the Deutsche Bank chief was considered to be a top target for terrorists.

Leftist groups had criticized the investment policies of the bank, which under Herrhausen's leadership began an aggressive expansion course aimed at making the institution one of the top 10 or 15 banks in the world. He also urged greater investment in the Soviet Union and other parts of Eastern Europe.

The Deutsche Bank chief was probably West Germany's most influential business figure, sitting on

many boards of directors, including for the giant Daimler-Benz conglomerate.

West German Banking Leader Blown Up by Terrorist Bomb

New York Times

Bad Homburg, West Germany

The head of West Germany's largest commercial bank was killed yesterday when terrorists detonated a remote-control bomb, ripping apart the automobile in which he was being driven to work.

Alfred Herrhausen, 59, died instantly. His driver was seriously wounded in the blast, which occurred at 8:34 yesterday morning, police said.

Officials at the scene said a note was found nearby bearing the symbol of the Red Army Faction, a West German terrorist group taking responsibility for the killing.

The Red Army Faction, formerly known as the Baader-Meinhof gang, emerged in the 1970s in a series of bombings and bloody attacks on prominent West German business and political figures, as well as on U.S. Army bases. Its announced goal is the destruction of West Germany's political system.

Herrhausen, who headed the Deutsche Bank AG, was often described as the most powerful person in West Germany's economy and a dominant figure in European banking. A friend and adviser to Chancellor Helmut Kohl, he was an advocate of European economic integration and played a leading role in

finding ways to reduce the debt burden of Third World nations.

A spokesman for the West German federal prosecutor's office in Karlsruhe said the bomb, apparently hidden under a bicycle nearby, was set off when the car in which Herrhausen was riding broke a light beam. The light-trigger device was controlled by cable from a position in a nearby park, police said.

Herrhausen was traveling in the middle car of a three-car convoy of Deutsche Bank security personnel.

The police said the terrorists allowed the first car to pass before activating the light-beam trigger.

The killing stunned West Germany, which has been in a buoyant mood since the Berlin wall was opened in early November. The two events did not appear to be connected.

Kohl canceled a speech to a group of industrialists in Düsseldorf.

"The killing of Alfred Herrhausen has shaken me deeply," Kohl told them. The attack "is directed against our democratic constitution, and with that, against us all," he said.

After a minute of silence, he left for Bad Homburg to console Herrhausen's widow and two daughters.

"You might ask yourself what kind of world this is," Horst Imke, a deputy chairman of the Social Democratic Party, said.

"While freedom makes its way peacefully in the East, some lunatics over here think they have to put an end to freedom by violence. What kind of people are they?"

The killing of Herrhausen was the first successful attack by the Red Army Faction since 1986.

Since the mid-1980s, the Red Army Faction has focused its attacks on what it calls West Germany's military-industrial complex.

That made a target of Herrhausen, who was also supervisory board chairman of Daimler Benz AG, the nation's largest industrial group.

Under Herrhausen's guidance, Deutsche Bank, the fifth-largest commercial bank in Europe, embarked on a course of global expansion. That drive reached a peak Monday, when the bank announced it would seek majority control of the Morgan Grenfell Group, a British merchant bank.

Herrhausen joined Deutsche Bank in 1969. He was appointed to Deutsche Bank's managing board in 1971 and became joint chief executive with F. Wilhelm Christians in 1985. In May 1988, he became sole chief executive.

Profile of Red Army
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Police investigators in Frankfurt searching for clues Thursday around the car of Alfred Herrhausen, which was destroyed by the remote-control bomb that killed him.

Leading German Banker Slain

Bonn Links Bombing to Terrorists of Red Army Faction

By Richard E. Smith
International Herald Tribune
FRANKFURT — Alfred Herrhausen, West Germany's most influential commercial banker, was killed Thursday morning in a remote-control bomb attack that appeared to be the work of the Red Army Faction, a leftist terrorist group.

The government in July had scaled back its estimates of the strength of the group, but the authorities said that the attack demonstrated its ability to strike against the country's most important and best protected leaders.

Mr. Herrhausen, 59, chairman of Deutsche Bank and a long-time friend and advisor of Chancellor Helmut Kohl, was being driven to the bank's headquarters in Frankfurt from his home in suburban

Bad Homburg when an explosion destroyed his armored BMW. Witnesses said the car was blown into the air and engulfed in flames. Mr. Herrhausen's chauffeur was critically injured.

A Red Army note was found in a nearby park under a wooden box containing a detonator connected by cable to a bicycle carrying the bomb, according to the authorities. Unlike letters claiming responsibility for past attacks, this one had no text except for the signature "Wolfgang Beer Commando."

Wolfgang Beer was a suspected Red Army Faction member killed in a car crash in 1980. The group asserts that the crash was staged by the police. Mr. Beer's brother, Henning, is believed to be one of about 15 leading members of the group's so-called "commando unit."

The letter included drawings of a red star, the emblem of the group, and of a Kalashnikov assault rifle.

The police said the attack corresponded to the intentions stated by the group in a tract co-signed in 1985 with a French terrorist group, Direct Action. The text of this tract called for "combat against the representatives of the military-industrial complex" of the "Paris-Bonn axis."

The assassination caused shock and remorse throughout the country's political and economic establishment. Deutsche Bank shares fluctuated widely after opening at 703 Deutsch marks (\$412) to finish the day at 704 DM.

A minute of silence was observed on the Frankfurt stock exchange

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BOMB: Terrorists Kill Head of Biggest German Bank

(Continued from page 1)
and throughout the city flags were flown at half-staff.

Mr. Kohl said that Mr. Herrhausen was "one of the great men of our country" and had been the victim of "a cowardly and brutal murder." Interior Minister Wolfgang Schäuble broke into tears as he spoke to the Bundestag about the death.

Foreign Minister Hans-Dietrich Genscher said that the banker was "an eminent representative of responsible social and political policies" and "made a great contribution to aid programs for Third World countries."

Mr. Herrhausen, the grandson of a butcher who worked his way to the top of the West German financial elite, had been the principal architect of Deutsche Bank's international expansion, of innovative approaches to the Third World debt crisis and of recent calls for major investment to help *perestroika* in Eastern Europe.

With assets of 305.3 billion DM at the end of 1988, Deutsche Bank was a third larger than West Germany's second biggest financial institution, Dresdner Bank.

Mr. Herrhausen "was the symbol par excellence of German capitalism," said Hans-Jürgen Förster, spokesman for the attorney general's office in Karlsruhe.

At the beginning of this week, Mr. Herrhausen announced in London that he was starting the largest acquisition of an investment bank in history with his bank's offer of about £900 million (\$1.41 billion) for a British merchant bank, Morgan Grenfell Group PLC.

He was a major force behind the merger several months ago of Daimler-Benz AG and Messerschmitt-Bölow-Blohm GmbH, which created what is, by a wide margin, West Germany's largest single company.

As a chief lender and supervisory board member of a range of West German companies, his power to influence policy evoked distrust, envy and fear in many quarters.

Deutsche Bank, particularly after the Daimler-Benz merger, has been at the center of cross fire in a long-running debate about the power of commercial banks in West Germany.

- Richard E. Smith
- **Alleged Red Army Record**
The Red Army Faction's alleged record has included the following attacks, Reuters reported from Bonn:
- May 24, 1972 — Three U.S. servicemen are killed in a bomb attack on U.S. Army headquarters at Heidelberg.
 - Nov. 10, 1974 — A West Berlin judge, Günter von Drenkmann, is killed in revenge for the death on hunger strike of a jailed Baader-Meinhof member, Holger Meins.
 - April 22, 1975 — A group calling itself Holger Meins Commando occupies the West German Embassy in Stockholm and kills two diplomats.
 - April 7, 1977 — Federal Prosecutor Siegfried Buback is killed when his car is sprayed with bullets in Karlsruhe by a motorcycle hit squad calling itself the Ulrike Meinhof Commando.
 - July 30, 1977 — Jürgen Ponto, chief executive of Dresdner Bank, is shot and killed by three persons, one of them the daughter of a family friend, at his home near Frankfurt.
 - Sept. 5, 1977 — The president of the Federal Employers' Association, Hanns-Martin Schleyer, is abducted and his driver and three policemen slain by ambushers who demand the release of jailed terrorists. His body is found Oct. 19 in the trunk of a car in France.
 - Oct. 13, 1977 — Palestinian extremists hijack a Lufthansa plane to Mogadishu, Somalia, and kill the pilot in a bid to force Bonn to yield to demands of Mr. Schleyer's kidnappers. West German commandos storm the plane, killing three hijackers.
 - Feb. 1, 1985 — A West German arms industry executive, Ernst Zimmermann, is shot and killed at his home near Munich in the climax to a wave of attacks to press for political-prisoner status for jailed terrorists.
 - Aug. 8, 1985 — A car bomb explodes at the U.S. Rhein-Main air base near Frankfurt killing 2 persons and wounding 20. The group says it murdered a U.S. serviceman for his identity card to gain entry to the base.
 - July 9, 1986 — A remote-controlled bomb kills a Siemens executive, Karl Heinz Beckurts, and his driver on their way to work in Munich.
 - Oct. 10, 1986 — A senior West German diplomat, Gerold von Braunmühl, is shot and killed outside his home in Bonn by a masked attacker. A note found at the scene claims responsibility in the name of a dead Red Army Faction member.
 - Sept. 20, 1988 — Hans Tietmeyer, state secretary at the Finance Ministry, escapes a shotgun ambush as he is being driven to work. The group said it tried to kill him to disrupt an International Monetary Fund and World Bank meeting in West Berlin.

Bonn Sees Support for Terrorists Dwindling

International Herald Tribune

FRANKFURT — The Red Army Faction, West Germany's most elusive and deadly terrorist group, is believed to be led by 15 hard-core members. Its support has been described by officials here as dwindling.

West German authorities emphasized Thursday that smaller numbers did not make the radical leftist group less effective or less determined in its struggle against its perceived enemies, the military-industrial complex and the security apparatus.

"The action on Thursday against Alfred Herrhausen of Deutsche Bank proves they have up-to-date equipment and can strike when they want," said Hans-Jürgen Förster, a spokesman for the federal attorney general's office in Karlsruhe.

In its annual report on terrorism, the government estimated in July that at the end of 1988 the group had a core of 15 leaders and 250 militant followers who are believed to be able to draw logistical support from 700 to 750 sympathizers.

The estimate of the number of sympathizers was scaled back from 2,000 in 1987, and the government said the number of criminal acts by leftist groups had fallen to 955 in 1988 from 1,855 the year before.

Mr. Förster said he believed that the estimate that the Red Army Faction was dwindling was accurate. "History has shown that just a few people can commit these acts and that is still the case," he said.

The group was a spin-off from the Baader-Meinhof gang, which was formed in 1968 by Andreas Baader and Ulrike Meinhof. That organization led several arson and bombing attacks in the early 1970s. Most were directed at U.S. military forces in protest of the Vietnam War.

Terrorism reached a peak in 1977 with several attacks on West German government and business leaders.

The Red Army Faction was particularly quiet in the early 1980s. In the last few years, it has resumed attacks, apparently unmoved or unweakened by the country's booming economy and general political stability.

Friday December 1 1989

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NOTE IMPLICATES RED ARMY FRACTION • KOHL PAYS EMOTIONAL TRIBUTE

Deutsche Bank chief murdered

By Andrew Fisher in Frankfurt and David Marsh in Bonn

MR ALFRED HERRHAUSEN, the chief executive of Deutsche Bank, was brutally murdered yesterday in a bomb attack which raised the spectre of terrorist violence just as the two Germanys are going through the most hopeful period in their post-war history.

The head of West Germany's largest commercial bank was killed by a remotely-controlled bomb as he was being driven to work at 8:30 in the morning in his grey armour-plated Mercedes through a quiet, leafy street in the spa town of Bad Homburg near Frankfurt.

The death of Mr Herrhausen, aged 59, one of Germany's most prominent business personalities, shocked bankers, politicians, and industrialists across Europe.

Daimler-Benz, the industrial group of which Mr Herrhausen was supervisory board chairman, reacted with "deep consternation."

Mr Edzard Reuter, Daimler's chief executive, said the dreadful crime "was clearly directed against our whole political, social, and economic system."

It was a tragic blow for the Frankfurt-based Deutsche Bank in a week when it had pulled off its biggest ever investment coup by agreeing the \$950m takeover of Morgan Grenfell, the UK merchant bank. The British bank said yesterday that the deal would go ahead.

The murder was the latest in a long series of killings of German politicians, officials, and businessmen that has lasted since the days of the Baader-Meinhof terrorist gang in the 1970s.

The last fatal attacks, however, were three years ago, the victims being Mr Karl-Heinz Beckurts, a director of Sie-



Alfred Herrhausen, chief executive of West Germany's largest commercial bank, who was murdered yesterday near Frankfurt

mens, the German electronics group, and Mr Gerold von Braunmühl, a top Foreign Ministry official.

Police believe that the killing was the work of the extreme left-wing terrorist group Red Army Faction (RAF). They found a note near the scene, with the inscription reading Kommando Wolfgang Beer and the star and Kalshnikov-rifle insignia of the RAF.

Beer died in a car crash nine years ago and was the brother of Henning Beer, sought by the police since 1985 as a suspected RAF member. Police later said

they had found a white Lancia car which is thought to be the bombers' escape vehicle.

Mr Gerhard Boeden head of the West German domestic anti-terrorist agency, said on West German television last night that Mr Herrhausen knew for "a long time" that he was one of the most endangered people in the Federal Republic. However, he denied a magazine report that there had been a recent "concrete warning" of an assassination attempt on the banker.

Mr Boeden said he did not exclude that yesterday's mur-

der had been planned in loose co-operation with the Italian Red Brigades terrorist group.

Mr Herrhausen's killers had carefully planned their assault. The bomb exploded precisely by the side of the car as it drove over, leaving his 62-year-old driver alive, although badly injured. The bodyguards in the accompanying two security cars were unhurt.

After the attack, the wrecked car lay slewed across Seedamweg, the road where the bomb exploded, between Bad Homburg's thermal baths and a car park.

From behind the police cordon, the bonnet and boot covers could be seen pointing macabrely to the sky. The radio aerial was intact.

Mr Wolfgang Schaueble, the West German Interior Minister, interrupted a parliamentary debate on the 1990 budget to announce the murder to a shocked Bundestag.

Politicians and officials in Bonn were numbed by the news of Mr Herrhausen's murder, which dramatically punctured the mood of optimism in the capital after the last few weeks of dramatic events in

eastern Europe.

Chancellor Helmut Kohl, who had known Mr Herrhausen for a decade, paid an emotional tribute to the murdered man after hearing of the assassination on the way to hold a speech to Düsseldorf industrialists.

The audience stood in silence as the Chancellor praised Mr Herrhausen's accomplishments — especially on building economic bridges to eastern Europe — and underlined the value of his "friendship and advice."

Mr Kohl later cancelled all appointments and flew to console Mr Herrhausen's widow.

Mr Karl Otto Pöhl, president of the Bundesbank, the German central bank, said that Deutsche Bank and Germany had lost "a leading personality from whom much was still to be expected."

The murder drew statements of dismay from all the Bonn parties, including the Greens ecology grouping who had been prone to see Mr Herrhausen and the Deutsche Bank as symbols of uncontrolled capitalist power.

Mr Hans-Jochen Vogel, leader of the Social Democrats, condemned the "cowardly murder," while Mr Otto Lambsdorff, chairman of the Free Democrats, called it "a barbarous and brutal attack."

Mr John Craven, the chairman of Morgan Grenfell, said yesterday that he was deeply shocked by the murder but he stressed that the top management of Deutsche Bank was a partnership and that this would ensure that there was continuity of policy.

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EUROPEAN NEWS

Herrhausen bequeaths powerful legacy

By David Lascelles, Banking Editor

THE MURDER of Alfred Herrhausen robs Deutsche Bank of the man most closely identified with its powerful international expansion of recent years, and which led it to make large acquisitions in most major European countries.

This culminated only four days ago with Deutsche's £950m bid for Morgan Grenfell, the UK merchant bank, an event for which Mr Herrhausen himself came over to London and which he described as "historic".

But the feeling among observers of Deutsche Bank yesterday was that the loss, though traumatic, was unlikely to halt the Frankfurt-based institution's international growth. Its expansionist instincts, backed by West Germany's industrial might, will continue to propel it forwards.

"They have built up such a head of steam under Herrhausen that it would be hard to slow it down," said Mr Alan Broughton, an analyst with

Morgan Stanley. This growth has taken Deutsche to the point where, with assets equivalent to \$171bn, it is the sixth largest bank in Europe – and the largest in terms of market capitalisation.

Another factor which should help Deutsche absorb the shock is the strongly consensual approach of its management. Although Mr Herrhausen was a clear leader at the bank and carried the title "speaker", all its major decisions were taken by its 12-person board of managing directors, who emphasise their equality by all receiving the same salary.

Mr John Craven, chairman of Morgan Grenfell, who led negotiations on the takeover, described Deutsche's management yesterday as "a partnership, not a pyramid." He was shocked by the murder, but it did not dampen his bank's enthusiasm for the merger.

The possibility of two "speakers" reflecting Deutsche's growing involvement in

both commercial and investment banking was mooted by Mr Thomas Albrecht, European banking analyst at UBS Phillips & Drew. Before Mr Herrhausen, Deutsche had two speakers – for international and domestic affairs.

Possible candidate names that were mentioned include Mr Rolf Breuer, who is head of capital markets activities, Mr Hilmar Kopper, the man who put together the Morgan Grenfell deal, Mr Herbert Zapp, who looks after corporate banking, and Mr Eckart van Hoooven, the board veteran who might act as a stopgap.

But while continuity will doubtless be the theme that Deutsche itself will want to stress, the Herrhausen era will go down in Deutsche Bank history as the time when Germany's sleeping banking giant began to wake up – rather belatedly – and stretch its powerful limbs across Europe.

Through a combination of acquisitions and start-ups, it expanded into new geographical

regions and into new lines of business, adding to the considerable might it already exercised in the German market as an institutional shareholder. Bank acquisitions in Italy, Spain, Portugal, the Netherlands, Austria and now the UK, followed rapidly.

At the same time, Deutsche diversified into new areas, such as management consultancy and insurance and particularly investment banking for which, as a universal bank, it was well suited. With Deutsche Bank Capital Markets, its existing London-based debt issuing and trading operation, and, shortly, Morgan Grenfell, it will be a commanding player in Europe's largest financial centre. Deutsche also has both banking and securities operations in New York and Tokyo where it has been able to bridge the regulatory divide.

More recently, Deutsche has also been concentrating on potential new markets in East Europe where it has both a natural role to play through

Germany's geographical closeness to the countries of the East, and the chance to exploit big business opportunities.

Although Deutsche will inevitably end up playing a political role in East Europe because many would follow whatever example it chose to set, Mr Herrhausen believed it should not shrink from taking bold steps there, so long as it did not lose sight of the commercial risks.

The scale and breadth of Deutsche's business have inevitably led to its being held up as one of the prime candidates for the title of Europe's first continental bank, and industry leader in the post-1992 markets.

That may well turn out to be the case; the only other possible contenders being the top two or three banks in the UK and France. But Mr Herrhausen, and doubtless his successors too, always stressed that Deutsche's growth was driven by commercial calculation and not by the desire to achieve size for its own sake.



Chancellor Kohl and President Gorbachev look on as Mr Herrhausen signs an agreement in Moscow last year

Victims of Germany's terrorists

Following is a list of terrorist actions claimed by or attributed to the Red Army Fraction:

May 1972 – Three US servicemen are killed in a bomb attack November 1974; West Berlin judge Günter von Drenkmann is shot dead.

April 1975 – "Holger Meins" Commando occupies West German embassy in Stockholm and kills two diplomats.

April 1977 – Chief Public Prosecutor Siegfried Buback shot dead.

July 1977 – Jürgen Ponto, chief executive of the Dresdner Bank, shot dead.

September 1977 – Employers' leader Hans-Martin Schleyer abducted and later murdered.

October 1977 – Palestinians supporting Schleyer's kidnappers hijack a Lufthansa flight and kill the pilot.

February 1985 – Arms industry executive Ernst Zimmemann killed in campaign for political prisoner status.

August 1985 – Huge car bomb at US Rhein-Main air base near Frankfurt kills two people and injures 20.

July 1986 – A powerful remote-controlled Red Army Fraction bomb kills Siemens executive Karl Heinz Beckurts.

October 1986 – Senior West German diplomat Gerold von Braunmühl is shot dead outside his home in Bonn.

September 1988 – Hans Tietmeyer, State Secretary at the Bonn Finance Ministry, escapes a shotgun ambush.

Killing underlines terror group's powers of survival over 20 years

By David Goodhart in Bonn

THE MURDER of Mr Alfred Herrhausen is a shocking reminder of the Red Army Fraction's power of survival. Several times in the 20 year history of the organisation, and its offshoots, it has disappeared from view for a few years, been declared dead, and then struck again.

It is also a reminder of the vulnerability of prominent politicians and businessmen and inevitably raises questions about whether the authorities could have done more to protect Mr Herrhausen, a man at the very top of the security-risk listings.

Following his murder security will become even tighter, not least because on two previous occasions in 1977 and 1986 a second murder came only weeks after the first. It is

also being whether threats of a new terror campaign from leaders of the recently failed hunger strike by fraction prisoners were taken seriously enough.

Responsibility for the protection of prominent people lies with special squads attached both to the Federal Criminal Investigation Office (BKA) and to the Länder (state) police. Mr Herrhausen was the responsibility of the state of Hesse but his day to day protection was in the hands of private body-guards hired by Deutsche Bank.

Although security in West Germany sometimes seems surprisingly light, the BKA argues that in fact it is as tight as it can be while at the same time allowing prominent people

to continue a relatively normal life. An explosives attack such as that on Mr Herrhausen is virtually impossible to prevent, according to a BKA official.

The same official completely rejected claims that the authorities had been lulled into a false sense of security by the bungled attack on Mr Hans Tietmeyer, then a state secretary in the Finance Minister, last year. After the attack some commentators argued that it proved the Red Army Fraction had lost its "professional" terrorists.

The organisation is believed to have a hard-core of about 20 members with a circle of 200 active supporters and 200 more passive supporters. It is a direct descendant of

the Baader-Meinhof group which first emerged in the late 1960s out of the Maoist fringes of the student movement.

However the BKA official remembers almost fondly the "misguided, middle-class, intellectuals", who then formed the core of the group, compared with today's "brutal, hardened, terrorists" who are now concerned less with sparking world revolution than with a bloody battle of revenge on behalf of the almost 90 fraction members in prison, many in solitary confinement.

The Baader-Meinhof group began by attacking property rather than people in the name of the world struggle against imperialism. Its views on imperialism and the conti-

nunity between the Third Reich and the modern German "military-industrial-complex" were shared by many on the far-left in the early 1970s and until the "German Autumn" in 1977 the group received a fair amount of passive support from the fringes of the democratic left.

Andreas Baader and Ulrike Meinhof were arrested in 1972 following the first attack which claimed lives – those of three US servicemen in Heidelberg. Then came a series of attacks – climaxing in the abduction of Mr Hans Martin Schleyer, the employers leader, and the hijack of a Lufthansa jet to Mogadishu in 1977 – all designed to force the release of the fraction's leaders. These attempts failed and soon after

Baader took his own life.

After a quiet period in the early 1980s the group appeared to find renewed strength and committed three murders between January 1985 and October 1986.

The Red Army Fractions have not – unlike associates of the Red Brigades in Italy – been offered any kind of amnesty to help flush out those who have genuinely repented. However recently the West German President did, controversially, pardon one woman former terrorist. Also the IRA-style hunger strike earlier this year, for better prison conditions, won quite wide support and the Green Party has called for the terrorists to be recognised as political prisoners.

David Marsh on shocked reaction to the murder of Alfred Herrhausen

"Himmelhoch jauchzend, zum Tode betrübt" (Passionate pain raised up to heaven, the deeper to fall)

Goethe's classic description of the wavering emotions of the Germans gives an inkling of West Germany's confused shock after the murder yesterday of Mr Alfred Herrhausen, chief executive of the Deutsche Bank.

After the headiness and hope generated by the breaching of the Berlin Wall three weeks ago, the terrorist bomb which shattered Mr Herrhausen's car in Bad Homburg yesterday brought Germany down to earth.

The Federal Republic has lost not simply a man who stood at the pivot of industrial and banking power in Europe's strongest economy, and who had become a kind of informal economic adviser to Chancellor Helmut Kohl. At the helm of the bank which has played a dominant role in both pre-war and post-war German business life, Mr Herrhausen, who was 59, represented a central strand of German national continuity. One of Mr Kohl's closest aides, describing Mr Herrhausen as "a German patriot," said that the Chancellor was grieved at losing both a top industrial leader and a personal friend.

Amid the last few weeks of optimism about democratic reforms in eastern Europe, Mr Herrhausen proved an outspoken – perhaps, too outspoken – proponent of German reunification, calling it, only a day before his death, "desirable and inevitable."

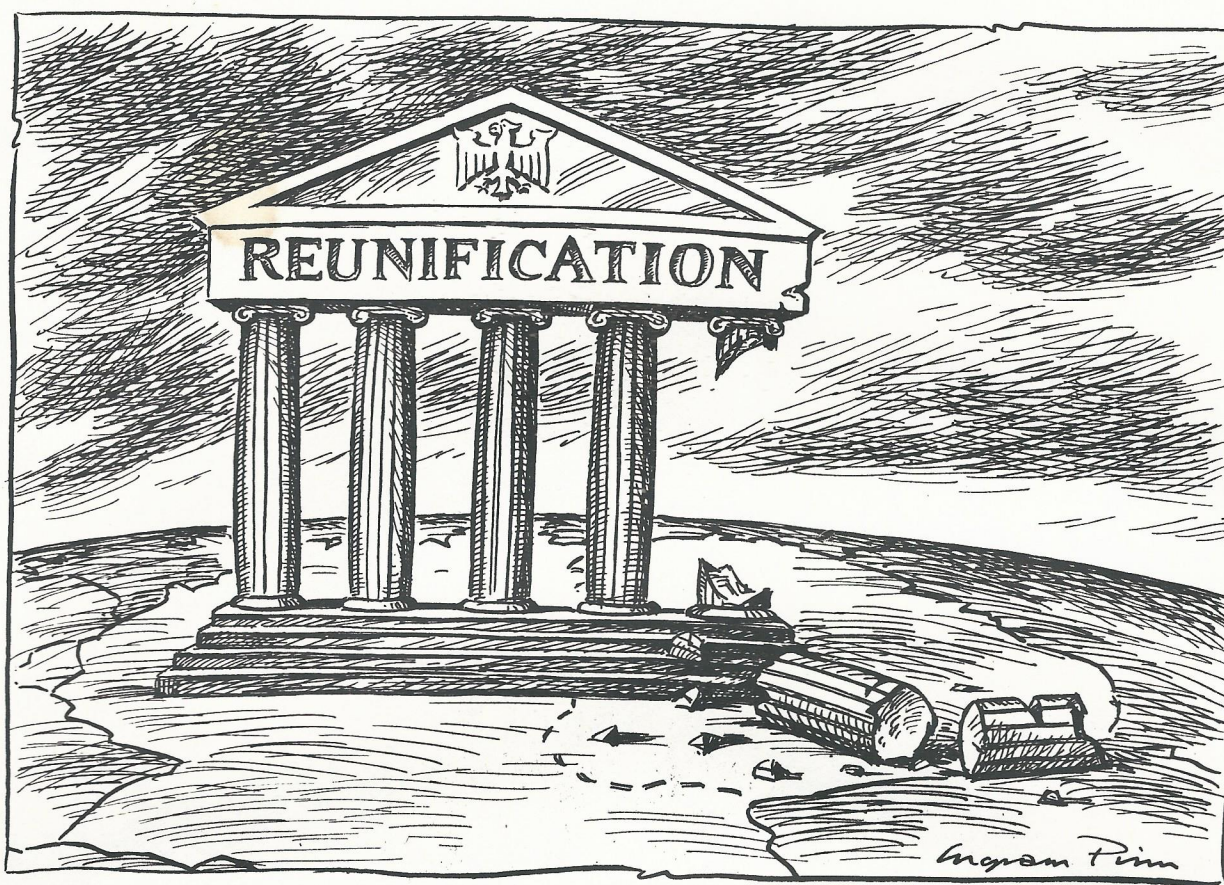
The assassination took place just two days after Mr Kohl presented to parliament in Bonn his Government's first operational plan towards achieving an all-German federation, and it is almost certain to muddy further the issues around the future of the German nation.

One of the main assumptions of police investigators yesterday was that the Red Army Fraction (RAF) terrorist group killed Mr Herrhausen because of his involvement with the so-called "military-industrial complex." The Deutsche Bank chief had played a decisive role in steering through the hotly contested takeover of Messerschmitt-Bölkow-Blohm (MBB), the aerospace and defence group, by Daimler-Benz, in which Deutsche owns a 28 per cent stake.

But a chilling question surrounding the killing is whether the terrorists also chose to liquidate him in a bid to check the process of German unity. Mr Herrhausen, who accompanied Mr Kohl on his trips to Moscow and Poland during the past year, had been an able supporter of the extension of financial help to the eastern bloc to back political and economic reforms there. "He was a sort of politician," said one German economist yesterday who has closely followed Mr Herrhausen's fortunes: "This a setback for the psyche of the whole country."

Mr Herrhausen's murder is certain to have repercussions well beyond the question of German unity. The last political assassination was three years ago – the gunning down in Bonn in October 1986 of Mr Gerold von Braunmühl, a senior Foreign Ministry official. Yesterday's attack closely resembled the explosion in July 1986 which killed Mr Karl Heinz Beckurts, the Siemens research chief, who was closely involved with the nuclear energy programme.

The conclusion is that a small number of urban guerrillas and their sympathisers – the successors to the Baader-Meinhof gang which attained bloody prominence in the late 1960s – is still capable of wreaking havoc. The similarities with the 1977 murder of the former chairman of the Dresdner Bank, Mr Jürgen Ponto, shot dead at his home outside Frankfurt, are grimly depressing.



Harsh reminder of German divisions

Pressures for stronger law and order measures may grow after yesterday's outrage, and the affair could have an impact on the campaign leading up to the general election at the end of next year. But officials acknowledge that, even for well-protected men like Mr Herrhausen, in a free society there can be no 100 per cent security from determined terrorists.

Because of his top connections and high-profile views, Mr Herrhausen had been given the highest security status – a measure which was yesterday extended, in an immediate emergency reaction, to all senior Bonn politicians. But the banker's bodyguards, in two cars accompanying his armoured limousine, were reduced yesterday to the role of spectators capable only of surveying the wreck-

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age.

Mr Herrhausen had sometimes declared himself irritated by the notion that he had permanent access to the Chancellor's ear. He told one private meeting recently that he had seen Mr Kohl no more than twice in a year. There was never any doubt, however, that the Deutsche Bank chief enjoyed his closeness to the governmental levers in Bonn.

An exception among Germany's often rather introverted captains of

industry, Mr Herrhausen was driven by a passionate – and sometimes arrogant – need to inject his views into areas extending well beyond the immediate confines of banking. His frequently proclaimed opinions on arms control or debt forgiveness for Third World nations were, in fact, unusually progressive. "He was a tremendously strong and clear leader with lots of ideas of his own. He was certainly ahead of his time with his attitudes," said one western ambassador in Bonn.

The assassination comes a month after the death through illness of another of the most active figures in German industry, Mr Rudolf von Bennigsen-Foerder, the chairman of Veba. The untimely loss of both men deprives West Germany's corporate world of colour as well as brains, flair and imagination.

Certainly, Mr Herrhausen never ducked the question of the Deutsche Bank's power and its desire for still greater reach. In an interview 10 days ago – just a week before the bank announced its takeover of Morgan Grenfell, the London merchant bank, he gave an unusually vigorous statement of ambition: "Germany, a reunified Germany, will be an enormous, strong economic force . . . and when you as a bank are strongly positioned within this country, then I think you are destined to play a major role in global banking."

The bank owns direct stakes of more than 10 per cent in 10 top industrial and insurance companies. Deutsche Bank's representatives occupy supervisory board seats across the cream of German industry. The most prominent participation, the stake in Daimler-Benz – now West Germany's biggest company – has its roots in

the bank's role in steering the merger of Daimler and Benz in 1926. When asked on numerous occasions about the competitive repercussions of the bank's extensive corporate involvement, Mr Herrhausen had a stock reply: "We are a powerful institution . . . my ambition is that we should use our power responsibly."

Following in the footsteps of the legendary post-war Deutsche Bank chief executive, Mr Hermann Josef Abs, who at one point collected 24 supervisory board posts throughout industry, Mr Herrhausen had a place on six supervisory bodies.

One of the key places where his death leaves a vacuum is at the helm of the Daimler-Benz supervisory board. In one of the most striking examples of German industrial continuity, a top executive of the Deutsche

Deutsche Bank is often seen as heralding salvation for the East, but also as a purveyor of capitalist oppression

Bank has held the dominant position at Daimler virtually without a break for more than 60 years. Mr Edzard Reuter, Daimler's management board chairman, who had built up a close relationship with Mr Herrhausen, spoke for many yesterday when he said that the assassination was "aimed against the whole of our political, social and economic order of which Alfred Herrhausen was one of the most outstanding representatives."

It was precisely Mr Herrhausen's symbolic importance which made him a prime target for the assassins. In a not untypical example of the ambivalence surrounding the whole question of West Germany's links with eastern Europe, the Deutsche Bank is often seen as heralding capitalist salvation for the hard-pressed East – but is also regarded as a purveyor of capitalist oppression.

To underpin economic reforms, reformist leaders like Lech Walesa in Poland have, for instance, been calling on German banks to extend their activities in eastern Europe, even to the extent of opening up facilities for foreign currency accounts. Deutsche Bank announced in October that it had become the first German bank to win approval for representative offices in Warsaw and Budapest.

On the other hand, for left-wingers in both East and West Germany, the Deutsche Bank, and Mr Herrhausen in particular, have become bogeymen preparing "absorption" of the East German state by the Federal Republic. Demonstrators in West Berlin three weeks ago greeted bemused travellers from East Berlin, crossing to the West for the first time in their lives, with posters proclaiming: "The freedom you see here is the freedom of the Deutsche Bank."

Mr Stefan Heym, the veteran dissident East German novelist, who has assumed the role of spiritual father of the East German opposition movement in recent months, has been active in publicising fears of a "sell-out" to the West. At a press conference in East Berlin on Tuesday, Mr Heym, warning of the danger of a "takeover" by the Federal Republic, spoke of his concern that a unified German state would become a Germany of "Messerschmitt, Mercedes and Mr Herrhausen."

Mr Heym, a fugitive from Nazi oppression in the 1930s, suggested that this would be a re-run of the "Great Germany which has done so much harm." Partly because of the country's complex past to which Mr Heym refers, the killing of Mr Herrhausen is bound to be seen in a historical context. One parallel is the murder in 1922 of Walther Rathenau, Foreign Minister under the Weimar Republic, who was killed on his way to work in Berlin's Königsallee.

Rathenau had headed the supervisory board of the AEG electrical company between 1912 and 1921 and was a leading figure in Germany's First World War military machine. He was killed by right-wing "patriots" because he was a Jew and for allegedly betraying Germany; Herrhausen, it appears, because of too strong a commitment to capitalism.

Both cases show how public figures, separated by six decades, can fall victim to the intolerance of extremists, but it would be a mistake to carry the parallels with Weimar too far.

The stunned West German Bundestag was given the news of the Herrhausen murder yesterday morning. After a dignified tribute to the banker from Mr Wolfgang Schäuble, the Interior Minister, and several minutes of confusion, parliament resumed its debate on the budget with a speech from the Environment Minister. One West German diplomat commented: "We were all starting to feel united; and then this brought back the realisation that there are some who want a different society."

Mr Herrhausen's murder reminds today's Germans that, in spite of their country's perceived perfectionism and efficiency, far too many of their top corporate figures have fallen prey to the bomb and the gun. But the best tribute to Mr Herrhausen's accomplishments at the pinnacle of German capitalism will be if, after his death, the Federal Republic carries on more or less normally.